

**STATEMENT OF  
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**ADMINISTRATOR  
OF  
GENERAL SERVICES**

**BEFORE THE**

**COMMITTEE ON GOVERNMENT REFORM**

**U.S. HOUSE OF REPRESENTATIVES**

**APRIL 30, 2003**



## **INTRODUCTION**

CHAIRMAN DAVIS, MEMBERS OF THE COMMITTEE, THANK YOU FOR INVITING ME TO APPEAR BEFORE YOU TODAY TO DISCUSS IDEAS ON HOW TO IMPROVE THE CURRENT FEDERAL ACQUISITION PROCESS. CHAIRMAN DAVIS, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK YOU IN PARTICULAR FOR YOUR LEADERSHIP IN THIS AREA OVER THE YEARS, AND FOR BRINGING THE NEED FOR ADDITIONAL ACQUISITION REFORM TO THE ATTENTION OF CONGRESS.

AS YOU KNOW, EACH YEAR, THE FEDERAL GOVERNMENT SPENDS APPROXIMATELY \$265 BILLION ON GOODS AND SERVICES IN ORDER TO MEET AGENCY REQUIREMENTS TO PROVIDE GOVERNMENT PROGRAMS AND SERVICES TO THE AMERICAN PUBLIC. THAT IS WHY IT IS VITALLY IMPORTANT FOR THE GOVERNMENT'S ACQUISITION PROCESS AND REGULATIONS TO FOCUS ON EFFICIENCY, EFFECTIVENESS AND ACCOUNTABILITY. ADDITIONALLY, THE ACQUISITION PROCESS AND REGULATIONS SHOULD BE BASED ON COMMON SENSE AND EASILY UNDERSTOOD BY ALL THE PARTIES INVOLVED IN THE PROCESS. FINALLY, WHEN APPROPRIATE, THE ACQUISITION PROCESS AND REGULATIONS SHOULD RESEMBLE COMMERCIAL SECTOR BUYING PROCEDURES.

**(GSA'S) ROLE IN IMPROVING THE OVERALL FEDERAL GOVERNMENT'S  
ACQUISITION PROCESS**

AS YOU KNOW, GSA MANAGES A SIGNIFICANT PORTION OF THE FEDERAL GOVERNMENT'S ACQUISITION PROCESS. WE OFFER GOODS AND SERVICES -- SUCH AS WORKSPACE, OFFICE EQUIPMENT, COMPUTERS, TELECOMMUNICATIONS, VEHICLES AND FURNITURE --TO OUR CUSTOMER AGENCIES. THROUGH GSA'S EFFICIENT AND EFFECTIVE PROCUREMENT AND PROPERTY MANAGEMENT SERVICES, WE HELP FEDERAL AGENCIES TO BETTER SERVE THE PUBLIC. AS THE FEDERAL GOVERNMENT'S ACQUISITION AGENCY, WE AT GSA RECOGNIZE THE NEED TO CONSTANTLY SEEK WAYS TO IMPROVE THE GOVERNMENT WIDE ACQUISITION PROCESS -- AND TO USE GSA'S EXPERTISE TO HELP PROVIDE BEST VALUE FOR THE GOVERNMENT AND THE TAXPAYERS.

**TRAINING**

WE ARE CONVINCED THAT ONGOING TRAINING OF THE FEDERAL ACQUISITION WORKFORCE IS AN ESSENTIAL PART OF IMPROVING THE FEDERAL ACQUISITION PROCESS, JUST AS IT IS CRITICAL TO EACH AGENCY'S SUCCESSFUL PERFORMANCE. GSA IS COMMITTED TO PURSUING THE MOST RIGOROUS AND EFFECTIVE TRAINING REGIMES FOR OUR ACQUISITION WORKFORCE.

THE FEDERAL ACQUISITION INSTITUTE (FAI) IS CHARGED WITH PROMOTING THE DEVELOPMENT AND TRAINING OF THE FEDERAL ACQUISITION WORKFORCE. GSA ACTS AS THE EXECUTIVE AGENT FOR FAI. WE PROVIDE FUNDING AND SUPPORT FOR FAI, WHILE THE OFFICE OF FEDERAL PROCUREMENT POLICY PROVIDES POLICY DIRECTION. FAI SETS TRAINING STANDARDS FOR THE FEDERAL ACQUISITION WORKFORCE AND PROVIDES TRAINING THROUGH ITS WEB-BASED FAI ONLINE UNIVERSITY. THE NEED FOR CENTRAL COORDINATION IS KEY TO SUCCESS IN TRAINING INITIATIVES. FAI WILL CONTINUE TO LOOK FOR WAYS TO INCREASE ITS REACH AND MEET THE GOALS INTENDED IN YOUR LEGISLATION. THIS WOULD ENABLE FAI TO PROVIDE FOR MUCH NEEDED DEVELOPMENT AND COORDINATION OF ACQUISITION TRAINING ACROSS THE GOVERNMENT FOR THE NON-DEFENSE AGENCIES.

**THE UNIVERSITY OF MULTIPLE AWARD SCHEDULES (OR U-MAS)**

ANOTHER EXAMPLE OF OUR EFFORTS IN THIS AREA IS GSA'S FEDERAL SUPPLY SERVICE ON-LINE TRAINING PROGRAM FOR THE FEDERAL ACQUISITION WORKFORCE. THIS VIRTUAL CAMPUS, KNOWN AS THE UNIVERSITY OF MULTIPLE AWARD SCHEDULES (OR U-MAS) IS A SELF-

PACED INTERNET TOOL DESIGNED TO TRAIN THE FEDERAL ACQUISITION WORKFORCE ON THE USE OF THE GSA SCHEDULES PROGRAM. IT IS AVAILABLE ON-LINE, SEVEN DAYS A WEEK, 24 HOURS A DAY.

**GSA HUMAN CAPITAL MANAGEMENT INITIATIVE**

AS PART OF OUR EFFORT TO DEVELOP THE SKILLED ACQUISITION WORKFORCE WE NEED AT GSA, WE HAVE ESTABLISHED AN APPLIED LEARNING CENTER THAT IS DEVELOPING COMPETENCY-BASED ASSESSMENTS TO DETERMINE SPECIFIC AREAS WHERE OUR TRAINING HAS ACHIEVED POSITIVE RESULTS -- AS WELL AS AREAS WHERE WE STILL HAVE DEFICIENCIES. WE HAVE USED THIS INFORMATION REGARDING THE SKILL MIX OF THE GSA ACQUISITION WORKFORCE TO DEVELOP AND IMPLEMENT A SPECIFIC ACTION PLAN TAILORED TO THE IDENTIFIED TRAINING NEEDS OF OUR AGENCY. GSA HOPES TO OFFER ITS COMPETENCY BASED ASSESSMENT TOOL TO OTHER AGENCIES IN 2004.

**SERVICES ACQUISITION REFORM ACT PROVISIONS WILL HELP**

**AGENCIES IMPROVE THEIR ACQUISITION WORKFORCE**

ONE EXAMPLE OF HOW CONGRESS CAN HELP AGENCIES IMPROVE THE FEDERAL WORKFORCE IS THE SECTION OF YOUR PROPOSED BILL THAT CALLS FOR A GOVERNMENT-INDUSTRY EXCHANGE PROGRAM. AS YOU KNOW, THIS PROGRAM PERMITS AGENCIES TO DETAIL AN ELIGIBLE EMPLOYEE TO A PRIVATE SECTOR ORGANIZATION. SIMILARLY, IT ALLOWS AN ELIGIBLE EMPLOYEE OF A PRIVATE SECTOR ORGANIZATION TO WORK TEMPORARILY FOR A FEDERAL AGENCY. THIS TYPE OF PROGRAM COULD PROVIDE AGENCIES SUCH AS GSA WITH THE ABILITY TO FAMILIARIZE ITS ACQUISITION WORKFORCE WITH INDUSTRY BEST PRACTICES. LIKEWISE, THE PRIVATE SECTOR PARTICIPANTS COULD BENEFIT BY BEING INVOLVED IN IMPORTANT GOVERNMENT PROJECTS, GIVING THEM THE OPPORTUNITY TO SEE FIRST HAND HOW THE GOVERNMENT WORKS. THIS KNOWLEDGE, WHEN SHARED WITH THEIR PRIVATE SECTOR COLLEAGUES, WILL HELP FOSTER A BETTER UNDERSTANDING OF FEDERAL BUSINESS PRACTICES AND PROCEDURES. ULTIMATELY, BOTH THE PRIVATE AND PUBLIC SECTORS BENEFIT FROM THIS INNOVATIVE PROGRAM. WE NOTE THAT OTHER AGENCIES HAVE A DIRECT INTEREST IN SUCH A PROGRAM. AT THIS TIME, THE ADMINISTRATION DOES NOT HAVE THE FULL BENEFIT OF THEIR VIEWS ON THIS PROVISION. ONCE SARA IS INTRODUCED, THE

ADMINISTRATION WILL BE ABLE TO OFFER MORE FORMAL VIEWS TO ASSIST THE COMMITTEE IN ITS CONSIDERATION OF THIS LEGISLATION. BY DOING SO, AGENCIES COULD SHORTEN THE TIME NEEDED TO HIRE HIGHLY QUALIFIED ACQUISITION PERSONNEL.

WITH MORE THAN FIFTY PERCENT OF THE FEDERAL WORKFORCE ELIGIBLE FOR RETIREMENT DURING THE NEXT 5 YEARS, WE ARE CONCERNED ABOUT OUR ABILITY TO FILL CRUCIAL POSITIONS -- ESPECIALLY THOSE HELD BY SKILLED ACQUISITION PERSONNEL.

### **TELECOMMUTING**

THERE IS MOUNTING EVIDENCE THAT TELECOMMUTING BENEFITS GOVERNMENT OPERATIONS, THE QUALITY OF WORKLIFE FOR FEDERAL WORKERS, AND THE ENVIRONMENT GSA, ALONG WITH THE OFFICE OF PERSONNEL MANAGEMENT (OPM), LAUNCHED AN INTERNET TELEWORK INFORMATION CLEARINGHOUSE FOR FEDERAL EMPLOYEES SO THEY CAN FIND OUT WHAT THE GOVERNMENT OFFERS IN THIS AREA. GSA FURTHER BELIEVES THAT FEDERAL CONTRACTORS SHOULD ALSO BE EXTENDED THE OPPORTUNITY TO TELEWORK. MR. CHAIRMAN, YOUR LEADERSHIP IN THIS AREA HAS BEEN COMMENDABLE AND WE SUPPORT YOUR EFFORTS TO PROVIDE INCENTIVES TO ENCOURAGE CONTRACTORS TO ALLOW THEIR EMPLOYEES TO TELECOMMUTE.

### **CHIEF ACQUISITION OFFICER**

IT IS IMPORTANT TO KEEP IN MIND THAT WITHOUT MANAGEMENT LEADERSHIP, INITIATIVES TO STREAMLINE THE CURRENT ACQUISITION PROCESS COULD, IN THE END, BE RENDERED INEFFECTIVE. THAT IS WHY WE SUPPORT THE CONCEPT OF EACH AGENCY HAVING A CHIEF ACQUISITION OFFICER, JUST AS WE DO AT GSA. WE BELIEVE THAT THE CHIEF ACQUISITION OFFICER IS CRITICAL TO OUR SUCCESSFUL ACQUISITION STRATEGY. FOR THAT REASON, WE BELIEVE THAT THE PROPOSED LEGISLATION REQUIRING AGENCY HEADS TO ESTABLISH A CHIEF ACQUISITION OFFICER POSITION IS AN INTERESTING PROPOSAL , AND WOULD SIGNAL THE IMPORTANCE OF MAINTAINING A WELL-MANAGED, INTEGRATED, AGENCY-WIDE ACQUISITION PLAN.

### **CHIEF ACQUISITION OFFICERS COUNCIL**

WE ALSO SUPPORT YOUR IDEA OF CREATING A CHIEF ACQUISITION OFFICERS COUNCIL. THIS IS THE NATURAL EXTENSION OF THE CREATION OF THE CHIEF ACQUISITION OFFICER POSITION, AND WOULD ALLOW FOR THE SHARING OF BEST PRACTICES ON ACQUISITION POLICIES AND REQUIREMENTS ACROSS AGENCIES. THIS COUNCIL WOULD ALSO PROVIDE A FORUM FOR THE DEVELOPMENT OF



INNOVATIVE ACQUISITION INITIATIVES AND THE PROMOTION OF EFFECTIVE BUSINESS PRACTICES IN THE FEDERAL GOVERNMENT'S ACQUISITION SYSTEM.

### **STUDY ON HORIZONTAL ACQUISITION ACROSS GOVERNMENT**

WE SUPPORT A STUDY BY THE ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY OF LAWS, EXECUTIVE ORDERS, AND REGULATIONS THAT HINDER THE CROSS-GOVERNMENT PERFORMANCE OF ACQUISITION FUNCTIONS AND IMPACT THE USE OF GOVERNMENT-WIDE CONTRACTS. HORIZONTAL INTEGRATION WOULD HELP BUILD INTEGRATED PROCESS TEAMS AND PROMOTE VITAL CROSS-FUNCTIONAL INVOLVEMENT IN ACQUISITIONS WHERE ALL RELEVANT OFFICES AND DISCIPLINES WORK TOGETHER IN A TEAM OR PARTNERING FORMAT. HORIZONTAL ACQUISITION, IF USED PROPERLY, COULD PROMOTE HIGHER LEVELS OF CUSTOMER SUPPORT, AND MORE EFFICIENCY AND INNOVATION IN THE ACQUISITION AND EXECUTION PHASES. ALSO, HORIZONTAL ACQUISITION WILL RESULT IN CUSTOMERS HAVING MORE TIME TO FOCUS ON THEIR CORE MISSIONS.

### **REVIEW OF ACQUISITION LAWS AND POLICY**

WE LIKEWISE SUPPORT A REVIEW OF ACQUISITION LAW AND POLICY WITH A VIEW TOWARD ENSURING THE GREATER USE OF COMMERCIAL PRACTICES AND PERFORMANCE-BASED CONTACTING. SUCH A REVIEW

COULD RESULT IN RECOMMENDATIONS FOR THE REPEAL OR AMENDMENT OF LAWS OR REGULATIONS THAT ARE UNNECESSARY FOR THE EFFECTIVE, EFFICIENT AND FAIR AWARD AND ADMINISTRATION OF GOVERNMENT CONTRACTS, ENSURING THAT THE GOVERNMENT'S BEST INTEREST ARE PROTECTED. THIS COMPREHENSIVE REVIEW SHOULD GIVE GSA A SOLID BASIS FOR MAKING FURTHER CHANGES TO IMPROVE THE ACQUISITION SYSTEM BASED ON GSA'S EXPERIENCE WITH THE SECTION 800 PANEL (SECTION 800 OF THE DOD AUTHORIZATION ACT OF 1990).

#### **EXPANDED DEFINITION OF THE TERM "ACQUISITION"**

WE SUPPORT A NEW DEFINITION OF "ACQUISITION" THAT WOULD ENCOMPASS THE ENTIRE SPECTRUM OF ACQUISITION, STARTING WITH THE DEVELOPMENT OF AN AGENCY'S REQUIREMENTS THROUGH CONTRACT ADMINISTRATION. THIS SHOULD IMPROVE ACQUISITION PLANNING RESULTING IN BETTER PROGRAM MANAGEMENT.

#### **PREFERENCE FOR PERFORMANCE-BASED CONTRACTING**

WE CONTINUE TO SUPPORT YOUR ATTEMPT TO INCREASE THE USE OF PERFORMANCE-BASED CONTRACTS GOVERNMENT WIDE.

PERFORMANCE-BASED CONTRACTING ALLOWS PRIVATE SECTOR COMPANIES TO OFFER INNOVATIVE SOLUTIONS TO COMPLEX PROBLEMS. DEFINING TASKS IN MEASURABLE, MISSION- RELATED

TERMS AND DEFINING REQUIRED OUTPUTS ARE CRITICAL TO SUCCESSFUL SERVICES CONTRACTING, REWARDING CONTRACTORS FOR MEETING THESE GOALS WILL PROMOTE EFFICIENCY IN GOVERNMENT OPERATIONS AND GREATER VALUE TO THE TAXPAYER. THE MAIN STUMBLING BLOCK TO FULL AND SUCCESSFUL IMPLEMENTATION OF PERFORMANCE-BASED CONTRACTING CONTINUES TO BE TRAINING. THIS IS WHY GSA HAS AWARDED A CONTRACT TO PROVIDE AGENCYWIDE TRAINING ON THE **“7 STEPS GUIDE TO PERFORMANCE BASED SERVICE ACQUISITIONS”** WHICH, WAS DEVELOPED BY AN INTERAGENCY TEAM.

#### **USE OF TIME AND MATERIALS CONTRACTS**

AS YOU KNOW, MR. CHAIRMAN, THE MULTIPLE AWARD SCHEDULES PROGRAM HAS BEEN EXTREMELY SUCCESSFUL, AND THE FASTEST GROWING SECTOR OF THE SCHEDULES PROGRAM IS IN THE ACQUISITION OF SERVICES. BY AUTHORIZING ADDITIONAL COMMERCIAL CONTRACT TYPES, SUCH AS TIME AND MATERIAL AND LABOR HOUR CONTRACTS, WITH APPROPRIATE SAFEGUARDS, THIS LEGISLATION COULD ENSURE THAT THE GOVERNMENT'S ACQUISITION PROGRAM HAS THE FLEXIBILITY IT NEEDS TO MEET ITS REQUIREMENTS IN THE PROCUREMENT OF SERVICES.

## **SUMMARY COMMENTS**

THE SERVICES ACQUISITION REFORM ACT OF 2003 IS INNOVATIVE AND SWEEPING IN SCOPE; AND ITS ENACTMENT SHOULD HELP ESTABLISH A FULLY MODERN AND EFFECTIVE ACQUISITION PROCESS – ONE THAT CAN MEET THE CHALLENGES AND OPPORTUNITIES OF THE 21<sup>ST</sup> CENTURY. WE APPRECIATE YOUR CONTINUED LEADERSHIP, MR. CHAIRMAN, IN BRINGING THESE MATTERS BEFORE THIS COMMITTEE, THE CONGRESS AND THE ADMINISTRATION. AS YOU CAN SEE FROM OUR COMMENTS AND THE VARIOUS INITIATIVES WE'RE WORKING ON AT GSA, WE SHARE YOUR COMMITMENT TO MAKING NEEDED IMPROVEMENT TO THE FEDERAL ACQUISITION PROCESS AND THE FEDERAL ACQUISITION WORKFORCE. WITH THAT IN MIND, WE ARE COMMITTED TO CONTINUING OUR WORK WITH THE COMMITTEE IN OUR COMMON EFFORT TO IMPROVE THE FEDERAL ACQUISITION PROCESS. ONCE AGAIN, THANK YOU FOR INVITING ME TO DISCUSS THIS IMPORTANT ISSUE WITH YOU TODAY. I AM HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.